

FAA News



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FAA FORECAST FACT SHEET ¹ FISCAL YEARS 2004-2015

I. 2003 SUMMARY: ECONOMIC ACTIVITY AND AIR TRAVEL

- ⇒ U.S. Gross Domestic Product (GDP) increased 2.7%; world GDP was up 2.5%.
- ⇒ Domestic yields fell 0.5%, and are at their lowest level since 1987, while international yields rose 0.6%. In real terms (adjusted for inflation), domestic yields fell 2.9% and international yields decreased 1.7%.
- ⇒ Domestic enplanements on large commercial and regional/commuter air carriers increased from 574.5M in 2002 to 587.3M (+2.2%) in 2003 and are now at 1998 levels. Domestic large commercial carrier enplanements fell by 0.8%, while domestic regional/commuter enplanements rose by 18.7%. International enplanements on large commercial and regional/commuter air carriers increased from 51.3M in 2002 to 54.1M (+5.7%) in 2003, slightly below 1998 levels. Large carrier international enplanements were up 4.4% and regional/commuter enplanements rose 26.9%.
- ⇒ U.S. commercial air carriers reported an operating loss of \$5.3B; in 2002 operating losses were \$10.5B. Operating revenues increased to \$105.7B (+5.2%) in 2003, while operating expenses increased to \$111.1B (+0.1%).
- ⇒ In 2003 total landings and takeoffs at combined FAA and contract towers were down 3.3%, the lowest level of activity since 1996. Of the four users of the system, only commuter/air taxis (+3.6%) increased their activity level. Air carrier (-2.9%), general aviation (-5.6%), and military (-1.8%) recorded declines. Commercial activity is now at 1997 levels while non-commercial activity is at 1995 levels.

II. ECONOMIC ASSUMPTIONS FOR FAA FORECASTS

¹All specified years are fiscal years (October 1 through September 30), and all specified quarters are calendar quarters, unless designated otherwise

⇒ U.S. real GDP is forecast to increase from \$9.630T in 2003 to \$14.267T in 2015, an average annual rate of 3.3%. World GDP is forecast to grow at an annual rate of 3.2% over the same 12-year period, from \$33.2T to \$48.5T

	Average Annual Percent Growth							
	Fiscal Year				Calendar Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>
U.S.	2.7	4.5	3.7	3.2	3.1	4.4	3.6	3.2
World	na	na	na	na	2.5	3.7	3.5	3.1
Canada	na	na	na	na	1.7	3.6	3.6	2.9
Europe	na	na	na	na	1.2	2.4	2.9	2.6
Latin America	na	na	na	na	1.2	3.5	3.6	4.0
Asia/Pacific	na	na	na	na	3.6	4.0	3.9	3.6

⇒ Inflation is projected to remain moderate over the 12-year forecast period, averaging 2.2% annually. Energy prices are forecast to increase slightly, growing at an average rate of 0.7% over the 12-year period. In 2004 the oil and gas deflator increases 0.7% and then decreases 10.0% in 2005.

III. AVIATION ACTIVITY FORECASTS

Air Carrier and Regional/Commuters

⇒ Total air carrier and regional/commuter enplanements are forecast to increase from 641.4M in 2003 to 1057.6M in 2015, an average annual rate of 4.3%. Domestic enplanements are projected to return to pre September 11th levels by 2005, and grow an average of 4.2% per year during the 12-year forecast period. International enplanements are forecast to increase an average of 5.2% per year during the forecast period, and return to pre September 11th levels in 2004. Total system enplanements are expected to exceed 1 billion in 2014.

Large Commercial Air Carriers

⇒ Domestic large carrier enplanements are forecast to increase from 482.2M in 2003 to 738.4M in 2015, an average annual rate of 3.6%. Domestic large carrier enplanements are projected to return to pre September 11th levels by 2007. U.S. large carrier international enplanements are forecast to grow an average of 5.2% per year over the same 12-year period, increasing from 50.5M in 2003 to 93.0M in 2015. Total U.S. large carrier international enplanements return to pre September 11th levels in 2004. Over the 12-year forecast period, Atlantic route enplanements increase an average of 4.9% annually, Latin American route enplanements increase 5.3% annually, and Pacific route enplanements increase 5.6% annually.

	Average Annual Percent Growth							
	Fiscal Year				Calendar Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>
Domestic	(0.8)	4.2	5.3	3.4	(2.1)	4.8	5.3	3.4
International	4.6	10.0	6.5	4.6	(0.2)	10.1	6.5	4.6
Atlantic	(1.1)	9.9	6.3	4.3	(5.9)	10.8	6.3	4.3
Latin America	7.6	10.5	5.4	4.7	5.1	10.6	5.4	4.7
Asia/Pacific	8.6	9.1	9.1	4.9	(0.8)	8.1	9.1	4.9
System	(0.3)	4.8	5.4	3.5	(1.9)	5.3	5.4	3.5

⇒ **Total Passengers (U.S. and foreign flag carriers) to/from the U.S. are forecast to grow at an average annual rate of 5.1% per year between 2003 and 2015, increasing from 116.9M to 212.5M. Total passengers to/from the U.S. are projected to return to pre September 11th levels by 2006. Atlantic route passengers increase at an average rate of 5.0% annually, Latin American and Pacific passengers increase an average of 5.7% annually, and Canadian transborder passengers increase at an average rate of 3.3% annually.**

	Average Annual Percent Growth in Enplanements							
	Fiscal Year				Calendar Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>
Total U.S./Foreign Flag	2.5	5.8	7.7	4.4	(3.2)	9.5	7.7	4.4
Atlantic	5.5	5.5	8.5	4.3	(0.5)	9.0	8.5	4.3
Latin America	4.7	6.8	7.1	5.0	0.1	11.5	7.1	5.0
Asia/Pacific	(4.1)	7.6	8.7	4.9	(12.3)	11.0	8.7	4.9
Canadian Transborder	(1.4)	2.3	5.8	2.9	(5.4)	4.5	5.8	2.9

⇒ **Domestic passenger yields, adjusted for inflation, are forecast to fall from 11.82 cents in 2003 to 10.60 cents in 2015, an average annual rate of –0.9%. International yields, adjusted for inflation, are forecast to decline at a rate of –0.6% annually during the same 12-year period, falling from 9.84 cents in 2003 to 9.15 cents in 2015. Domestic nominal yields do not return to pre-September 11th levels during the forecast period.**

	Average Annual Percent Growth in Real Yield							
	Fiscal Year				Calendar Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005-15</u>
Domestic	(2.9)	(1.5)	2.3	(1.2)	(2.3)	(2.8)	2.3	(1.2)
International	(1.7)	(0.4)	(0.8)	(0.6)	(1.8)	(1.2)	(0.8)	(0.6)

⇒ **U.S. large air carrier passenger jet fleet increases from 4,090 aircraft in 2003 to 5,732 aircraft in 2015, an annual increase of 2.9%. Growth in the fleet in 2004 is projected to be only 0.8% with increases in the low cost carrier fleet offsetting declines in the “legacy” carrier fleet.**

Cargo

- ⇒ Total air cargo RTMs (freight/express and mail) increase from 32.9B in 2003 to 56.0B in 2015—up 4.5% a year; domestic RTMs are increasing 3.5% a year; international RTMs increase 5.3% a year.

	Average Annual Percent Growth							
	Fiscal Year				Calendar Year			
	2003	2004	2005	2005-15	2003	2004	2005	2005-15
Total Domestic	13.1	4.2	3.7	3.4	6.2	5.1	3.7	3.4
Total International	23.1	3.1	6.6	5.4	7.9	8.2	6.6	5.4
Total Cargo	18.5	3.6	5.3	4.5	7.2	6.8	5.3	4.5

- ⇒ The cargo fleet increases from 942 aircraft in 2003 to 1,332 aircraft in 2015, an increase of 2.9% a year.

Regionals/Commuters

- ⇒ Commuter enplanements are forecast to increase to 128.7M (+18.4%) in 2004, and grow 6.3% a year over the 12-year forecast period, reaching 226.2M in 2015.

	Average Annual Percent Growth							
	Fiscal Year				Calendar Year			
	2003	2004	2005	2005-15	2003	2004	2005	2005-15
Enplanements	18.9	18.4	11.6	4.6	17.6	15.9	10.7	4.6
RPMs	31.0	26.4	15.8	6.1	29.9	22.2	14.1	6.1

- ⇒ The commuter passenger fleet increases from 2,672 aircraft in 2003 to 4,303 aircraft in 2015, an annual increase of 4.1%.

- The regional jet fleet increases from 1,321 aircraft in 2003 to 3,222 aircraft in 2015, an annual increase of 7.7%. Almost 40% of the increase in the fleet occurs by 2006.

General Aviation

- ⇒ The general aviation fleet increases from 211,200 aircraft in 2003 to 246,400 in 2015, growing 1.3% a year.

- The turboprop/turbojet fleet, the fastest growing segment, is forecast to increase 3.7% annually.

- ⇒ General aviation hours flown are forecast to increase from 26.7M in 2003 to 32.7M in 2015, an average annual growth rate of 1.7% a year.

- The hours flown by the turboprop/turbojet fleet is forecast to increase from 4.6M hours in 2003 to 7.8M in 2015, an average annual growth rate of 4.6%

IV. FAA WORKLOAD FORECASTS

Instrument Operations at Combined FAA and Contract Tower Airports

⇒ Instrument operations are forecast to increase to 49.6M (+2.8%) in 2004, and grow 2.1% a year during the 12-year forecast period, reaching 62.1M in 2015.

- Commercial instrument operations increase from 26.3M in 2003 to 36.8M in 2015, an average annual growth rate of 2.8%. Commercial instrument operations are not expected to exceed the 2000 level of activity until 2005.
- General aviation instrument operations increase from 18.6M in 2003 to 22.0M in 2015, an average annual growth rate of 1.4%.

Aircraft Handled at Air Route Traffic Control Centers

⇒ IFR aircraft handled at FAA air route traffic control centers increase to 45.1M (+3.2%) in 2004, and grow 2.4% a year over the 12-year forecast period, reaching 58.4M in 2015.

- Commercial IFR aircraft handled increases from 31.9M in 2003 to 44.9M in 2015, an average annual increase of 2.9%. The number of commercial IFR aircraft handled exceeds pre September 11 counts in 2004.
- General aviation IFR aircraft handled increases from 8.0M in 2003 to 9.7M in 2015, an average annual growth rate of 1.6%.